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SENSITIVE
SIPDIS

FOR WHA/BSC MDASHBACH, INL/LP ASMITH, DGRAHAM

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TAGS: [SNAR](#) [KCRIM](#) [PREL](#) [PA](#)
SUBJECT: EPHEDRINE KING ARRESTED IN PARAGUAY

¶1. (SBU) SUMMARY: Paraguay's anti narcotics agency (SENAD) arrested October 3 Mexican nationals, including an alleged leader of the Sinaloa Mexican drug cartel for ephedrine trafficking. Paraguayan authorities report a new trend in ephedrine trafficking from South America to Mexico and the United States via Paraguay. END SUMMARY.

THE ARRESTS

¶2. (SBU) SENAD arrested October 3 Mexican nationals Jesus Martinez Espinosa, Jorge Almanza Guzman, and Leobardo Gaxiola, allegedly members of Mexico's Sinaloa drug cartel for ephedrine trafficking. Gaxiola was arrested after a SENAD canine signaled the presence of drugs in his suitcase at the Asuncion International Airport. Gaxiola, who Paraguayan immigration authorities said frequently travels in and out of Asuncion, had 5.6 kilograms of ephedrine hidden in packs of Argentine tea. Upon interrogating Gaxiola, SENAD agents learned that Martinez Espinosa and Almanza Guzman were in a hotel room in downtown Asuncion. SENAD arrested Martinez and Guzman October 4.

¶3. (SBU) Martinez, allegedly a major player/figure in the Sinaloa drug cartel, appears to have crossed the Pilcomayo River from Argentina into Paraguay by boat near the village of Nanawa, where there are minimal border controls. According to the press, Argentine investigators learned that Martinez holds several sets of identification documents and has moved freely between Paraguay, Brazil, Argentina and Uruguay. Argentine authorities reported that Martinez was the cartel's regional chief for ephedrine operations.

A NEW TREND IN EPHEDRINE TRAFFICKING

¶4. (SBU) Paraguayan authorities report a new trend in ephedrine trafficking from South America to Mexico and the United States via Paraguay. On May 16, SENAD detained a Mexican with 45 kg of ephedrine; on August 14, 2008, SENAD detained three Paraguayan possessing 76 kilograms of ephedrine. This year to date, SENAD has seized 136.6 kilograms of ephedrine.

¶5. (SBU) Leading daily newspaper ABC Color reported October 5 that the Mexican drug traffickers were mapping out a new route for the lucrative business of ephedrine trafficking. In Argentina, a kilo of ephedrine costs USD 80, while the same product in Mexico is commercialized at USD 50,000 per kilo. (DEA information: The price of ephedrine in Argentina is USD 80-120 per kilogram, purchased for USD 2,000 by Mexican traffickers in Argentina; it is sold for USD 8,000 per kilogram in Mexico. Once converted to crystal meth, the

product is sold for USD 16,000-25,000 per kilogram of un-diluted crystal meth.)

MARTINEZ: WANTED IN ARGENTINA

¶16. (SBU) Argentine legal authorities are investigating Martinez for drug trafficking for his alleged involvement in the August 13 homicide of three Argentine businessmen who were involved in ephedrine trafficking. The Argentine judge had issued an international arrest warrant for Martinez stemming from the arrest of nine Mexicans in Buenos Aires who ran a clandestine laboratory for producing synthetic drugs. An Argentine judge requested October 3 that Paraguayan authorities keep Martinez in custody so he could be extradited to Argentina.

¶17. (SBU) All three men are in custody in SENAD's headquarters. The prosecutor handling the case told the press October 4 that he will charge them with drug trafficking and criminal association. Martinez voluntarily agreed October 6 to be extradited to Argentina and requested an expedited extradition process. Paraguayan judicial authorities told the press that they do not object to handing Martinez over to Argentine authorities, but that Paraguay has first shot at prosecuting him.

¶18. (SBU) Martinez told a local radio station that he has not committed any crime in Argentina or Paraguay. He pointed out that he was not in possession of drugs at the time of his arrest and threatened to sue Paraguayan newspapers for libel. Martinez told authorities that he had plans to invest in Paraguay in partnership with a Paraguayan businessman named Cartes but refused to provide further information. He said that he was planning to invest in the tourism sector, a chain of restaurants, and import/export of American automobiles.

COMMENT

¶19. (SBU) SENAD is working closely with DEA on the emerging ephedrine trend. This year's high-profile seizures signal SENAD's commitment to stem the flow of all kinds of narcotics trafficking, and SENAD's efforts since the Lugo government took office August 15 demonstrate that SENAD continues to be a reliable partner in the war on drugs.
END COMMENT.

AYALDE